



RURAL BUSINESS ENTERPRISE GRANTS

The Rural Business-Cooperative Service (RBS) makes grants under the Rural Business Enterprise Grants (RBEG) Program to public bodies, private nonprofit corporations, and Federally-recognized Indian Tribal groups to finance and facilitate development of small and emerging private business enterprises located in areas outside the boundary of a city or unincorporated areas of 50,000 or more and its immediately adjacent urbanized or urbanizing area. The public bodies, private nonprofit corporations and federally recognized Indian tribes receive the grant to assist a business. GRANT FUNDS DO NOT GO DIRECTLY TO THE BUSINESS.

Who is Eligible?

Eligibility is limited to public bodies, private nonprofit corporations, and Federally-recognized Indian Tribal groups. Public bodies include incorporated towns and villages, boroughs, townships, counties, States, authorities, districts, Indian Tribes on Federal and State reservations, and other Federally-recognized Indian Tribal groups in rural areas. The small and emerging businesses to be assisted must have less than 50 new employees and less than \$1 million in gross annual revenues.

How May Funds be Used?

Funds are used for the financing or development of a small and emerging business. Eligible uses are: Technical Assistance (providing assistance for marketing studies, feasibility studies, business plans, training etc.) to small and emerging businesses; purchasing machinery and equipment to lease to a small and emerging business; creating a revolving loan fund (providing partial funding as a loan to a small and emerging business for the purchase of equipment, working capital, or real estate); or construct a building for a business incubator for small and emerging businesses.

Limitations:

Grants cannot be used for:

Agricultural Production.

Comprehensive areawide planning.

Loans by grantees when the rates, terms, and charges for those loans are not reasonable or would be for purposes not eligible under RBEG regulations.

Development of a proposal that may result in the transfer of jobs or business activity from one area to another. This provision does not prohibit establishment of a new branch or subsidiary.

Development of a proposal which may result in an increase of goods, materials, commodities, services, or facilities in an area when there is not sufficient demand.

For programs operated by cable television systems.

To fund part of a project which is dependent on other funding, unless there is a firm commitment of the other funding to ensure completion of the project.

All applications are considered without regard to race, color, religion, sex, national origin, age marital status, or physical or mental handicap (provided applications have the capacity to enter into a legal contract) of the members of the groups applying for assistance. Service must be extended on the same basis.

How are Applications Processed?

Applicants are required to submit a preapplication with supporting data before a formal application is made. RBS will tentatively determine eligibility and funding priority score. The Agency will inform the applicants when to assemble and submit a formal application.

Where Should Applications be Filed?

Forms are available from and may be filed in any USDA Rural Development State Office, check your telephone directory under “Federal Government” or call the RBS National Office Specialty Lenders Division, (202) 720-1400.

We recommend discussing the proposed project and process with your local State or area office before completing the application.

Other Conditions

Applicants for grants to help develop private business enterprises must file written notice of intent with the State single point of contact consistent with Intergovernmental Review requirements. Federally-recognized Indian Tribes are exempt from this requirement.

Applicants for grants to establish a revolving loan program must include detail on the applicant’s experience operating a revolving loan program, proposed projects, applicant’s financial ability to administer a revolving fund, the need for a revolving fund, and other funds proposed to leverage funds made available under this program.

All community projects funded by RBS are subject to an environmental assessment in accordance with the National Environmental Policy Act.